



**HAWAII GOVERNMENT EMPLOYEES ASSOCIATION**

AFSCME LOCAL 152, AFL-CIO

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The Twenty-Fourth Legislature, State of Hawaii  
Hawaii State Senate  
Committee on Ways and Means

Testimony by  
HGEA/AFSCME, Local 152, AFL-CIO  
February 20, 2008

**S.B. 2829, S.D. 1 – RELATING  
TO TAXATION**

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of S.B. 2829, S.D. 1 – Relating to Taxation. The purpose of this legislation is to make specific changes to Hawaii’s tax law that will allow the state to participate in the Streamlined Sales and Use Tax Agreement that will permit the taxation of Internet-based transactions. There are several reasons for taxing Internet-based transactions.

Retail trade has been transformed by the Internet. As the popularity of “e-commerce” grows, fairness dictates that Internet-based transactions should be treated in the same manner as other retail transactions. Retail transactions that are taxable by “bricks and mortar” retailers should also be taxable when sold through the Internet.

Hawaii has already lost millions of dollars in Internet-based sales, and the losses will likely increase as the importance of the Internet continues to grow. Therefore, we support S.B. 2829, S.D. 1, which makes necessary changes to the tax code to comply with the Streamlined Sales and Use Tax Agreement. The ongoing loss of millions in tax revenue from e-commerce is a problem that will get worse over time unless we take appropriate action. The revenues gained through the Streamlined Sales and Use Tax Agreement may fund public education and other important public policy priorities. Thank you for the opportunity to testify in support of this important measure.

Respectfully submitted,

Nora A. Nomura  
Deputy Executive Director



Senator Rosalyn Baker, Chair  
Senator Shan Tsutsui, Vice Chair  
Committee on Ways & Means  
State Capitol, Honolulu, Hawaii 96813

HEARING      Thursday, February 21, 2008  
                  9:30 am  
                  Conference Room 211

**RE:    SB2829, SD1 Relating to Taxation**

Chair Baker, Vice Chair Tsutsui, and Members of the Committee:

Retail Merchants of Hawaii (RMH) is a not-for-profit trade organization representing about 200 members and over 2,000 storefronts, and is committed to support the retail industry and business in general in Hawaii.

**RMH supports SB2829, HD1**, which adopts amendments to Hawaii's tax laws to implement Streamlined Sales and Use Tax Agreement.

Through our affiliation with the National Retail Federation, the world's largest retail trade association, and a major participant in the Streamlined Sales Tax Project, RMH has watched the development and progress of this program over the past six years and has supported Hawaii's initiatives to participate in the multi-state discussions. This measure moves Hawaii one step further along and ensures our participation in the process.

The members of the Retail Merchants of Hawaii respectfully request that you pass SB2829. Thank you for your consideration and for the opportunity to comment on this measure.

President

RETAIL MERCHANTS OF HAWAII  
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February 20, 2008

**The Honorable Rosalyn H. Baker, Chair**  
Senate Committee on Ways and Means  
State Capitol, Room 211  
Honolulu, Hawaii 96813

**RE: S.B. 2829, SD1 Relating to Taxation**  
**Hearing Date: February 21, 2008 @ 9:30 a.m., Room 211**

On behalf of our 10,000 members in Hawaii, the Hawaii Association of REALTORS® (HAR) **supports S.B. 2829, SD1** - adopting amendments to Hawaii tax laws to implement the streamlined sales and use tax agreement.

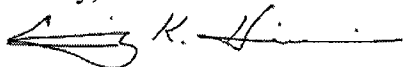
The Report of the 2001-2003 Tax Review Commission states at page 6 that Hawaii would potentially achieve not only the benefit of better definitions, uniformity, and certainty, but also increase tax compliance by interstate vendors (primarily mail order and e-commerce merchants) who agree to pay state taxes under the Streamlined Sales Tax Project. The Report goes on to state that because of Hawaii's uniquely broad based General Excise and Use Tax system, by joining the Streamlined Sales Tax Project, Hawaii may be able to better maintain the viability of its broad revenue base.

The Report of the 2005-2007 Tax Review Commission states at page 9 that, while the Commission believes that the goal of coordinating the collection of taxes on interstate sales, such as via the internet, is desirable, and that Hawaii should remain involved in discussions on the Streamlined Sales Tax Project, the Commission did not think that Hawaii should make a formal commitment yet.

The Hawaii Association of REALTORS® believes that the delayed effective date of January 1, 2010 should help alleviate the concerns of the 2005-2007 Tax Review Commission, and that S.B. 2829, SD1 should eventually level the playing field for local merchants who must deal with the high cost of doing business in Hawaii and still compete with mail order and e-commerce merchants from outside of the State.

Mahalo for the opportunity to testify.

Sincerely,



Craig K. Hirai, Member  
Subcommittee on Taxation and Finance  
HAR Legislative Committee

## L E G I S L A T I V E

**TAXBILLSERVICE**

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TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

**SUBJECT:** MISCELLANEOUS, Streamlined sales and use tax; earmark for DOE and UH

**BILL NUMBER:** SB 2829, SD-1

**INTRODUCED BY:** Senate Committee on Economic Development and Taxation

**BRIEF SUMMARY:** Adds a new chapter to the law to set out sections of HRS chapter 237 which establish transactions subject to the 0.5% general excise tax rate.

Adds a new chapter to the law to set out sections of HRS chapter 238 which establish transactions subject to the 0.5% use tax rate.

Adds a new chapter to the law to set out sections of HRS chapter 237 which establish transactions subject to the 0.15% general excise tax rate. The measure delineates provisions governing "insurance producers."

Adds several new sections to HRS chapter 237 to establish sourcing rules to determine when a product or service is taxed, including telecommunication services. The measure delineates provisions defining "direct mail" and how the sourcing of direct mail transactions will be ascertained.

Adds several sections to HRS chapter 255D to establish provisions relating to the determination of the proper general excise or use tax rates between different tax jurisdictions, rounding on tax computations, amnesty for registered sellers who pay, collect, or remit general excise or use taxes in accordance with the terms of the streamlined sale and use tax agreement, tax rate changes by a county, certified service provider, confidentiality of records, liability for uncollected tax and rate changes, and customer refund procedures.

Amends HRS sections 237-8.6 and 238.2.6 to prohibit a county to conduct an independent audit of sellers registered under the streamlined sales and use tax agreement.

Amends HRS section 237-24.3 to redefine the term "prosthetic device."

Amends HRS section 237-31 to provide that \_\_\_\_% of all tax revenues realized under the newly restructured chapters (formerly HRS chapter 237) shall be deposited into the state treasury to the credit of the department of education and the university on an equal basis provided that such moneys shall augment and not replace existing operating or capital improvement budgets. Beginning on July 1, \_\_\_\_\_, all tax revenues realized under the newly restructured chapters (formerly HRS chapter 237) shall be deposited into the state treasury.

Appropriates an unspecified amount of general funds for fiscal 2009 for technical assistance and briefings to enable the auditor to carry out the purposes of this act including the preparation of proposed legislation by contracting with a legal professional with a background and practice in taxation. The

## SB 2829, SD-1 - Continued

businesses will be required to collect the sales taxes of other states when purchases are made by residents of that state. The cost of collecting, accounting, and remitting those taxes will add even more overhead costs to operating a business in Hawaii. So why is there such enthusiasm on the part of the legislature to participate in the SSTP? Lawmakers have been promised hundreds of millions of dollars that could be had if the state would just participate in the project. The suggestion came to the 2001-2003 Tax Review Commission on the recommendation of their consultant who was already an advocate of the project.

Of course, no thought was given to how this would affect Hawaii businesses and what additional costs there would be. Given the fact that Hawaii businesses will now have to operate in a different mode insofar as the general excise/SSTP sales tax, will lawmakers compensate businesses for undertaking the collection of other state's retail sales taxes? Indeed, the law being proposed in this measure is a hybrid of the current general excise tax law and a retail sales tax. It retains the two-tiered wholesale/retail system and keeps the tax imposed on services as well as on business-to-business transactions. So the measure attempts to have the best of both worlds - to force other states to collect our general excise tax while retaining the pyramiding features of the general excise tax. This is a major change in the state's largest source of general fund revenues. Care should be taken in making this transition as it could alter not only the past interpretation of the general excise tax, but it may also have a major impact on the revenue producing capacity of the tax.

One of the key issues still under discussion amongst the members who have already signed on is "where" does the sale occur. For a number of the larger states like California, Illinois, and Texas which have much at stake since they are states that manufacture goods shipped to other states, the sourcing rules they adopted use "origin" based rules, that is the tax that is imposed at the place from which the goods are shipped and not where the purchaser takes possession. The proposed bill here is ambiguous at best as in some cases being origin based as long as the purchaser takes possession of the goods at the place of the business but provides, on the other hand, for the taxation at the address to which the goods are delivered. It is this destination rule that causes the most problems for businesses as they must now deal with a plethora of rates depending on the number of states from which they receive orders for their goods. A recent development at a meeting in Dallas amended the SSTP agreement to allow a state to elect whether it would impose a destination based collection or one based on the origin of the transaction. This was to stop the hemorrhaging of loss of members to the Agreement. While some states may elect destination, there is no doubt that the larger states will elect origin sourcing as they are probably net exporters of goods. That being the case, Hawaii residents will probably end up paying the Illinois or California sales tax on their purchases from out-of-state vendors and in the long run, the purported windfall will turn into a disaster for Hawaii. Under current law, the use tax would otherwise have been due on those sales and while it has been difficult to enforce and collect on individual sales, more of an effort should be placed on the collection of the use tax where Hawaii already has jurisdiction.

Again, a main area of concern is whether the states can afford the streamlined system itself. Given the promises that have been made and not delivered upon such as the software that is supposed to facilitate the collection and remittance of the various states' sales taxes, to the promise to pay the cost of funding the administrative structure of the governing board, it appears that all of these are promises with no intent to make it happen. As such, it is premature for Hawaii to jump on the throttling locomotive engine that appears to be headed for a brick wall. This proposal needs more discussion in the interim and further clarification as well as a discussion with taxpayers who must carry out the duty of the actual collection. Curiously, this is what the 2005-2007 Tax Review Commission recommended, that until the member states of the SSTP Agreement come to a definitive conclusion, it is premature for Hawaii to jump on

## SB 2829, SD-1 - Continued

legislative reference bureau shall assist the auditor or contractor in drafting any legislation. The appropriation shall take effect on July 1, 2008.

Requires the president of the senate and the speaker of the house to appoint two legislative members each, and one public member each to a committee to hold meetings to carry out this act. The director of taxation shall be an ex-officio member.

It shall be unlawful for any person or employee of the state to make known information imparted by any tax return or permit any tax return to be seen or examined by any person. Also provides that it shall be lawful to allow a private contractor to inspect any tax return of any taxpayer, or to furnish the private contractor with any information concerning any item on a return only for the purposes of conforming the state's general excise and use taxes to be operative for the Streamlined Sales Tax Project's Model Agreement and Act.

EFFECTIVE DATE: January 1, 2010

STAFF COMMENTS: The Streamlined Sales Tax Project's Model Agreement and Act is a project undertaken with other states that is intended to simplify sales and use tax administration as it relates to multiple sales and use tax rates, definitions, and taxing jurisdictions.

Goals of the project include the establishment of a single sales tax rate, uniform definitions of sales and use tax terms, requiring states to administer any sales and use taxes, and a central electronic registration system to allow a seller to register to collect and remit sales and use taxes for all states.

At the national level, there appears to be a number of difficulties in the negotiations and unanimous agreement is far from reality. Before jumping on the band wagon, lawmakers should exercise care as it should be remembered that Hawaii does not have a sales tax as found in other states. To the contrary, the general excise tax, while viewed as a sales tax, is a far cry from the retail sales tax structure found on the mainland.

The 2005 legislature had approved a measure to direct the department of taxation to identify issues that need to be resolved to effectuate the orderly enactment and operation of a streamlined sales and use tax based on the Streamlined Sales Tax Project Model Agreement and Act. The act also repealed the streamlined sales and use tax advisory committee council which was to consult with the department of taxation on the implementation of the streamlined sales and use tax agreement in Hawaii. When this measure was sent to the governor, the governor vetoed it due to the repeal of the advisory council, unrealistic deadlines in the measure, and concerns of allowing a third party to access confidential tax return information. A special session of the legislature overrode the governor's veto and the measure passed as Act 3 of the Special Session of 2005.

Basically the measure attempts to turn Hawaii's gross receipts tax imposed for the privilege of doing business in Hawaii into a retail sales tax structure with respect to where the tax is imposed. Much of the bill is devoted to separating the wholesale imposition of the tax from the retail and then reworking where the tax is applied otherwise known as "sourcing." The general excise tax, as we know it today, would be radically changed to accommodate the format adopted by the Streamline Sales Tax Project (SSTP).

What is not evident in the measure is that by participating in the consortium known as the SSTP, Hawaii

## SB 2829, SD-1 - Continued

board. With this latest development, it appears that Hawaii will be a net loser as its residents will end up paying other state's sales taxes.

While the proposed measure attempts to conform Hawaii's general excise and use tax laws to the streamlined sales and use tax agreement, due to its complexity and technical aspects, it is questionable whether members of the legislature are qualified to determine whether this measure will be sufficient to comply with the Streamlined Sales and Use Tax Agreement.

In 2006, a bill that would adopt the streamline sales tax agreement was introduced and nearly passed the legislature but for a small glitch in the closing moments of the session. This, despite the fact that the State Auditor had a consultant assess the revenue potential of participating in the project. Instead of the hundreds of millions of dollars the promoters of the project had promised, the consultant estimated that Hawaii would benefit at the very least by about \$10 million and at the most \$50 million.

At the same time, when the department of taxation was asked what it estimated it would cost the department to implement the project for Hawaii, the price tag was set at \$15 million. Thus, it came as no surprise that when the Tax Review Commission looked at the issue, the decision was a no brainer, Hawaii would stand to gain about \$10 million in revenue, but it would cost the state \$15 million to implement. And that doesn't include the cost to businesses in Hawaii that would be required to collect the sales taxes of other states.

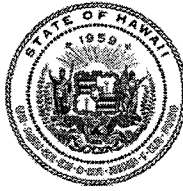
So the Commission's advice to the legislature and administration was to wait. In its recommendation it was noted that "the largest states (by economic size) have failed to sign on to the project, jeopardizing the chances of becoming an effective vehicle for collecting the Use Tax. Until the Project shows greater promise of producing results, it is premature for Hawaii to incur the expense to join it."

This measure also proposes to initially earmark a portion of the revenues that are basically general excise tax revenues into the state treasury and credit those revenues equally between the department education and the University of Hawaii. This would be in addition to any other funds they receive through the normal appropriation process. While the measure also proposes that all such revenues would be earmarked to the department of education and the University of Hawaii at an unspecified date, this would result in a substantial loss of general fund revenues to fund necessary state programs, including capital improvement requests statewide. An earmarking of 100% of general excise tax revenues with 50% earmarked to the department of education and 50% to University of Hawaii would also obviate the need for a legislative session as there would not be sufficient funds for the remaining state operations. This is nothing more than pandering to supporters of the department of education and the University for their support of this measure.

The long and short of this measure is that it is nothing more than a tax increase that will probably end up benefitting other states if the majority of states adopt "origin" based sourcing and continuing a tradition of passing the cost to administer and complying with the proposal on to businesses in Hawaii, adding yet another nail in the coffin for businesses in Hawaii. It is certainly a reflection of the lack of understanding of Hawaii's unique general excise tax and how generous it is in producing revenues for the state and is an effort driven by greed.

LINDA LINGLE  
GOVERNOR

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## SENATE COMMITTEE ON WAYS & MEANS

### TESTIMONY REGARDING DECISION MAKING AGENDA FOR FEBRUARY 21, 2008

**TESTIFIER: KURT KAWAFUCHI, DIRECTOR OF TAXATION (OR DESIGNEE)**

**DATE: FEBRUARY 21, 2008**

**TIME: 9:30AM**

**ROOM: 211**

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Contained in this testimony are the Department of Taxation's (Department) comments on the Senate Committee on Ways & Means' decision-making agenda for February 21, 2008. Because each measure is before the Committee for decision-making only, the Department's comments are in summary fashion for your convenience—

#### **I. SB 2829, SD 1, RELATING TO TAXATION (SSTP)**

This bill provides implementing legislation for the Streamlined Sales & Use Tax Agreement (SSUTA).

The Department takes **no position on the merits of the SSUTA** and stands on its prior testimony submitted to the Committee on Economic Development & Taxation. However, the Department **opposes the redirection** of general excise tax receipts from the general fund to a special fund. The Department points out the following comments:

**Delayed Effective Date**—The delayed effective date of the bill is appreciated, but the delay may not be long enough to allow these changes to be fully integrated into the computer systems of the Department. A longer delayed effective date would give time for practitioners and businesses to adjust to these changes. Given the challenges the Department would face integrating such large, wholesale changes into its operations, longer than two years may be more realistic of a time frame. The delayed effective date would also provide time to obtain approval from the National SSTP Governing Board to assure that Hawaii's amendments conform to the SSUTA. This is very important since Hawaii's general excise tax is not a sales tax.

**Frequent Changes to the SSUTA Will Require Legislative Action**—The legislature needs to be aware that the SSUTA is not a static document. It has undergone substantial and frequent



changes since it was adopted on November 12, 2002. It has been amended 11 times.<sup>1</sup> Each change requires member States to possibly amend its law in order to remain in conformity with the SSUTA.

**Revenue Impact**—The bill would increase revenues by about \$10 million annually. However, joining the SSUTA would entail start-up costs and annual recurring costs. The Department is presently re-examining SSTP implementation costs. The expansion of the GET exemption for blind, deaf, and disabled taxpayers would cost about \$500,000 annually.

## II. **SB 2838, SD 1, RELATING TO TAXATION (ELECTRONIC REFUND DEPOSIT)**

This legislation requires the Department to implement necessary procedures to allow e-filing taxpayers to request a direct deposit of refunds to up to three accounts. The Department has **concerns** with this legislation and provides the following comments—

**Bill Must Allow Deposit Only Into Certain Accounts**—The Department requests that the bill be amended to allow an electronic deposit into only those bank accounts that receive an electronic refund request at the federal level. The amendments made to this measure based upon comments by the Department rely heavily upon federal electronic tax information. If a taxpayer is allowed to insert different accounts than those provided to the IRS, this legislation could have a much greater impact on Department resources and could cost much more to implement.

**Appropriation**—An appropriation to finance the computer and form costs associated with this measure is necessary. At this time, the Department requests an appropriation in the amount of \$89,000 to carry out the purposes of this proposal.

## III. **SB 2819, SD 1, RELATING TO INTRA-COUNTY FERRY SERVICE (Fuel Tax Exemption)**

This legislation exempts sales of fuel to an intra-county ferry service from the fuel tax. The Department takes **no position** on this legislation and offers the following comment for technical correctness

**Inappropriate Statutory Placement**— The current mechanics of this bill are counterintuitive and it does not make sense to include an exemption section within the assessment section of the license tax. The Department still believes that an exemption for an intra-county ferry service should be included within the current exemption section provided at HRS § 243-7.

**Revenue Estimate**—The Department's updated revenue estimate provided to the Committee on Economic Development & Taxation was not incorporated into its committee report, which was cited as \$13,500. This legislation will result in no impact to general fund. Highway fund annual revenue will be decreased by \$21,200, starting FY2009.

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<sup>1</sup> November 19, 2003, November 16, 2004, April 16, 2005, October 1, 2005, January 13, 2006, April 18, 2006, August 30, 2006, December 14, 2006, June 23, 2007, September 20, 2007, and December 12, 2007

**IV. SB 2816, SD 1, RELATING TO TAXATION ( Foreign Trade Zone Exemption)**

This legislation exempts fuel purchased from a Foreign Trade Zone by a common carrier that flies interisland from the general excise and use taxes.

The Department takes **no position** on this measure and offers one comment—

**Definition of "Interstate Air Transportation"**—For consistency throughout the proposal, this term should be defined as: **"Interstate air transportation" includes the transportation of passengers or property by aircraft between two points in the State."**

**Revenue Impact**— It is the Department's position that this legislation will result in a revenue loss of approximately:

- \$5.1 million loss, FY2009.
- \$5.3 million loss, FY2010.
- \$5.5 million loss, FY2011.

110 million gallons of fuel was sold on Oahu in FY2007. From previous estimates, it was found that approximately 55% of this was of non-exempt fuel. GE revenue from fuel was calculated to be (110 million gallons) \* (55% non-exempt) \* (\$2.00 / gallon) \* (4.00% excise tax rate) = \$4.8 million. This was inflated for the relevant fiscal years.

**V. SB 3149, SD 2, RELATING TO HIGHWAYS (Requires GET Deposit)**

This legislation, among other things, requires a deposit of general excise tax revenues generated from the manufacture and sale of fuels to be deposited to the highway fund. The Department has **strong concerns** with this legislation.

**GET Redirect**—The Department is always cautious about policy that redirects general excise tax revenue away from the general fund and into specific special funds. The Department is concerned because the general excise tax represents over one-half of the State's overall operating revenue stream. The Department strongly prefers that a direct appropriation be the means for funding this program so that the amount may be budgeted and prioritized just as any other program.

**Administrative Issues**—The Department also points out that tracking the specific fuel revenues as contemplated by this measure is likely unworkable. The Department does not track the gross proceeds of sales of fuel to the extent requested in this measure. The Department would need an appropriation for computer and form enhancements, as well as additional time, in order to capture the data requested in this measure.

**Revenue Estimate**—This legislation will result in the following general fund losses:

- **FY2009 (loss): \$36.8 million**
- **FY2010 (loss): \$78.0 million**

- **FY2011 (loss): \$79.1 million**

The taxable gallonage from fiscal year 2007 was used to derive the excise tax receipts derived from the selling of these fuels. Note that gasoline was mostly subject to the GE exemption for alcohol-based fuels, and that oil and gas refining has a special GE exemption for multiple refineries in multi-step refining processes. The revenue impact of each fuel was calculated by:

$(\text{Gallons sold in FY07}) * [(\text{Avg retail price}) * (\text{Retail GE } \{4\% \text{ or } 0\% \}) + (\text{Avg wholesale price}) * (\text{Wholesale GE})]$ . The impacts of the individual fuels were summed to get the total revenue impact.

For FY 2010 / FY 2011, the repeal of the GE exemption for ethanol-blended fuels was added to the total.

**VI. SB 2455, SD 1, RELATING TO RENEWABLE ENERGY TECHNOLOGIES (Extends Credit to Hydrogen)**

This legislation extends the current Renewable Energy Technologies Income Tax Credit to include hydrogen energy systems. The Department has **no additional comments** on this measure.

This bill's revenue estimate is estimated to be minimal. There is no marketed product known that would provide power via hydrogen for residential or commercial use. This leaves commercial R&D as the only probable user of the credit. However previous department rulings regarding this credit dictate that "all additions adding to an existing system shall be treated as one installation" (TIR 07-02). This minimizes the impact due to the \$35,000 limit. With the further consideration that the device must be powered by a renewable energy source, the number of adopters would probably be very low, if any.

**VII. SB 2623, RELATING TO RENEWABLE ENERGY TECHNOLOGIES (Extends Credit to Solar)**

This legislation amends the current Renewable Energy Technologies Income Tax Credit, by adding a new definition for "solar electric energy systems." The Department **does not like this additional definition** and prefers that a definition in this credit focus on what is put into a machine rather than an approach based upon what the machine creates.

Based upon the Department's estimates, this legislation will not have an impact on the general fund.

**VIII. SB 2764, SD 2, RELATING TO ETHANOL FACILITY TAX CREDIT (Removes Caps)**

This legislation provides the Ethanol Facilities Tax Credit to large and small refineries for the first 15 million gallons of ethanol produced and eliminates certain caps. The Department of Taxation (Department) takes **no position** on this legislation.

This legislation will currently result in an indeterminate revenue estimate because the credit caps are blank. The amount of revenue loss is dependent upon the change in the annual credit limit. This is currently unspecified.

**IX. SB 2986 SD 1, RELATING TO REFUNDABLE RENEWABLE ENERGY TAX CREDIT (Makes Renewable Energy Technologies Tax Credit Refundable)**

This measure amends the Renewable Energy Technologies Income Tax Credit by allowing the credit to be refundable for those that have little Hawaii taxable income. The Department of Taxation (Department) **strongly supports** this Lingle-Aiona Administration measure as a policy to encourage additional investment in renewable energy technologies.

Annual revenue loss is estimated to be \$41,000, starting in fiscal year 2009.

**X. SB 3215, SD 2, RELATING TO BIODIESEL (Biodiesel Production Incentives)**

This legislation, among other things, provides tax incentives for biodiesel production facilities. The Department of Taxation (Department) provides **comments** on this legislation.

**Income Tax Exemption**—The Department notes that the income tax exemption is vague. It is unclear whether the tax exemption applies to 100% of income derived from the processing of oil seed produced in the State or to 100% of all income from any facility that processes any amount of oil seed produced in the State.

**Revenue Impact**—Due to the blanks, this bill will result in an indeterminate revenue loss.